

MINUTES

HQ AFCESA/CEOC ANNUAL CE/CONTRACTING/INDUSTRY PARTNERING WORKSHOP TYNDALL AFB, FL

23-24 FEBRUARY 2000

WORKSHOP OBJECTIVES: Become familiar with Competitive Sourcing programs at Air Staff, FOAs, and MAJCOMs. Learn Industry views on Competitive Sourcing. Gain knowledge and experience from Lessons Learned. Cross-feed information in key areas: AFI 63-124, Quality Assurance, Performance Management Office, and Protests.

1. **ADMINISTRATIVE ANNOUNCEMENTS:** Ms. Ruth Sykes, HQ AFCESA/CEOC (TRW), provided administrative announcements to the workshop attendees.
2. **WELCOMING REMARKS:** Mr. Dennis Firman, HQ AFCESA/CD, welcomed the workshop participants and thanked them for their participation. He proposed that the workshop be expanded next year to include base-level, Navy, and more industry participants. This has been made **ACTION ITEM #1** for follow-up.
3. **WORKSHOP OVERVIEW/OBJECTIVES:** Mr. Al Ziemba, HQ AFCESA/CEOC, presented the workshop objectives listed above. He stressed that this is a workshop and thus provides an opportunity to resolve issues. Lt Col Gary Fellows, HQ AFCESA/CEOC, also discussed the workshop objectives, particularly the opportunity to share knowledge and experience. He offered AFCESA assistance if any of the participants want to work issues off-line. Finally, Lt Col Fellows had the participants introduce themselves.
4. **COMPETITIVE SOURCING AND PRIVATIZATION:** Lt Col Alberto Armesto and Ms. Cassandra Davis, AF/ILEIO, made a presentation via telephone on Competitive Sourcing and Privatization. The presentation provided background, a snapshot of the current program, and the next steps and challenges ahead. Ms. Davis defined Strategic Sourcing to include Competitive Sourcing, Reengineering, and Privatization. She stated that the Air Force program would continue to target non-military essential and non-inherently governmental positions. Air Staff has established coding to identify these positions and will do so more aggressively in the coming year. There is still pressure to get end strength down. For the future, she emphasized that A-76 is still the cornerstone of the program, but reengineering must be accomplished as well. In conclusion, Ms. Davis stated that this is a painful process that requires partnering at all levels. The Air Force can't afford not to do this right. She provided a very useful Personnel web site for competitive sourcing and privatization issues: www.dp.hq.af.mil/dpfx/plans/csp.htm.

5. **UPDATE: AIR FORCE IMPLEMENTATION OF PERFORMANCE-BASED SERVICE CONTRACTING:** Maj Skip Solis, SAF/AQCO, briefed the workshop on the implementation of Performance-Based Service Contracting (PBSC). He presented a review of PBSC, outlined policy and guidance, discussed training initiatives, listed tools and best practices sources, and provided a future outlook. The components of PBSC were given as output-oriented Statement of Work (SOW) (“What” not “How”) and performance management. There was a discussion by the participants on the applicability of functional AFIs in PBSC. It was suggested that AFCESA develop a requirements table for each SOW template on the web site that identifies the AFI, applicable paragraph, and SOW paragraph. This would ensure that requirements in the AFIs are included in SOWs IAW AFI 63-124, para 2.1.1.5. This tasking is **ACTION ITEM #2**. **ACTION ITEM # 3** is to review the AFIs to determine if modifications are necessary. Maj Solis discussed the revised Quality Assurance Program Coordinator (QAPC) course and provided a course schedule. Finally, he stressed the importance of web-based knowledge management systems such as Business Solutions Exchange (BSX). PBSC is a culture change, he said, and it is here to stay!
6. **COMPETITIVE SOURCING PROGRAM AT AFCESA:** Mr. Al Ziemba, HQ AFCESA/CEOC, provided an overview of the AFCESA A-76 Help Desk. It provides technical A-76 support to MAJCOMs and Base Civil Engineers and maintains current Competitive Sourcing products on the web. In the future, AFCESA plans to expand the role of the Help Desk to include all Competitive Sourcing and Reengineering issues and the collection of Lessons Learned. The A-76 Help Desk will also look at the feasibility of developing Source Selection Plans and Sections L and M, and verifying Competitive Sourcing savings. HQ AFCESA/CEOC will investigate the possibility of verifying Competitive Sourcing savings beyond the current one year (**ACTION ITEM #4**). The A-76 Help Desk number is DSN 523-4970 and the web site is www.afcesa.af.mil/Directorate/CEO/Contracts/Outsourcing/A76/default.html
7. **AIR FORCE LOGISTICS MANAGEMENT AGENCY:** Capt Jonathan Wright, AFLMA/LGC, gave an overview of his agency mission and organization. He listed their deliverables and stressed their competitive advantage. He then presented the various publications they produce, including the Air Force Journal of Logistics. Among recently completed projects, Capt Wright listed performance-based service contracts, contractor metrics for service contracts, environmental contract compliance, and the QAPC course development. On the horizon the agency will be working on a strategic sourcing guide, best value source selection, contingency contracting guide (update), and BSX. The AFLMA web site is www.il.hq.af.mil/aflma/lgc/lgcindex.shtml.
8. **AIR FORCE MANPOWER AND INNOVATION AGENCY A-76 CAPABILITY BRIEFING:** Lt Col LeGette McIntyre, AFMIA/MIC, gave an AFMIA A-76 Capability Briefing. He presented an A-76 update, AFMIA’s role in A-76, AFMIA A-76 capabilities, and current engagements. Lt Col McIntyre discussed AFMIA Strike Teams that help bases, functional communities, and

MAJCOMs with project planning, SOW development, Most Efficient Operation (MEO) development, and award decision. He stated that AFMIA is the Air Force Competitive Sourcing information clearinghouse and gave the web site (www.afmia.randolph.af.mil/xpms/index.htm). Lt Col McIntyre listed AFMIA's program administration responsibilities and stressed that they are available to help.

9. **AETC LESSONS LEARNED – A-76 COST STUDIES:** Ms. Rita Sampson, HQ AETC/LGC, presented Lessons Learned by her command in their A-76 studies. They are currently studying 5,559 positions at 5 bases. Her topics included the importance of senior leadership buy-in, the command strategic plan, partnerships, market research, kick-off solicitation phase, and cost comparison. She emphasized the goal of saving the Air Force money and the need to release all Freedom of Information Act information.
10. **AFFIRMATIVE PROCUREMENT:** Ms. Dana Arnold, Office of the Federal Environmental Executive, White House Task Force on Greening The Government, discussed Affirmative Procurement. Affirmative Procurement is the process of purchasing products manufactured from recycled and reclaimed materials. Ms. Arnold stated that purchasing these products makes good business sense, is cost-effective, creates jobs, and is good for the environment. She gave definitions and cited governing legislation. Ms. Arnold emphasized that this program is legally mandated under the Resource Conservation and Recovery Act. Specifically, agencies must purchase products manufactured from recycled and reclaimed materials if those products are identified in the Comprehensive Procurement Guidelines. Waivers may be granted for availability or cost. She listed technical assistance references and product information. Her organization web site is www.ofee.gov.
11. **AETC A-76 CIVIL ENGINEERING LESSONS LEARNED:** Maj Mike Blaylock, HQ AETC/CEOG, shared AETC Civil Engineering Lessons Learned. He specifically covered the SOW, the MEO, and Source Selection. There was some discussion on the point in the process at which the MEO representative(s) break off from the SOW development. His concluding statement emphasized the need to take the time to do things right the first time.
12. **COMMERCIAL ACTIVITIES PROGRAM OVERVIEW:** Mr. Don Williams, U.S. Army TRADOC, gave an overview of his organization's Commercial Activities Program. They use an approach of centralized planning and decentralized execution. Current studies include 6,569 civilian and 2,089 military positions. Mr. Williams gave a study status and explained their A-76 contracting process. They use oral presentations, which has been very popular. They also use a Source Selection Evaluation Board that includes outside members (to include chair). He ended his presentation with a list of several lessons learned.
13. **AFMC LESSONS LEARNED:** Mr. Ralph Butler and Capt Juvenal Salomon, HQ AFMC/CE, briefed AFMC lessons learned. One problem the command is seeing is the extensive use of the appeal process. The command currently has appeals at

Tinker, Wright-Patterson, and Eglin. Mr. Butler emphasized that every step must be documented, that every decision rational must be provided, and that SOWs must be clear, concise, and complete. Mr. Butler also stated that there is no consensus on how AFI 63-124 applies to A-76 as far as commercial standards and applicable governmental regulations. Capt Salomon presented MEO lessons learned. Specifically, MEO innovations can be adapted by other functions outside the MEO, and HQ's ability to directly assist in preparation of MEO can be severely limited. Other MEO lessons learned include the need to begin data collection early, to stabilize the study population at announcement, to communicate, and to document. SOW lessons learned included the need for a winning attitude, to be fair and above board, to avoid prescriptive content and to emulate the commercial sector.

14. **WRAP-UP AND CLOSE:** Lt Col Gary Fellows, HQ AFCESA/CEOC, closed the first day's session at approximately 1700. The action items were briefly discussed. Workshop participants were invited to meet at a local restaurant for dinner.
15. **ADMINISTRATIVE ANNOUNCEMENTS:** Ms. Ruth Sykes, HQ AFCESA/CEOC (TRW), opened the second day's session with administrative announcements to the workshop attendees. She offered to make copies of AFI 63-124 available to the participants for the day's discussions.
16. **AMC LESSONS LEARNED:** Maj Frank Baugh, HQ AMC/CEOP, covered the MacDill direct conversion. The base used this option to get the process over quickly and negotiate directly with the Small Business Native American Initiative contractor. There has been high customer satisfaction with the contractor service. Among the Lessons Learned shared by Maj Baugh were: to avoid direct conversion unless the function is stable and the workload is well-documented; to program civilian billets to remain well into the contract phase-in; and to work with the civilian personnel office to get the proper grades for your Quality Assurance (QA) personnel. This last item led to a discussion of the role of QAs and the appropriate grades required under AFI 63-124. The QA personnel act more as performance managers, requiring higher grade skills. It was adopted as **ACTION ITEM #5** to determine the status of Position Descriptions for Quality Assurance personnel.
17. **ACC LESSONS LEARNED:** Mr. Steve Dumont, HQ ACC/CEOO, related experiences from Offutt AFB. The study includes 1,609 positions and 7 functions, including Civil Engineering. He recommended that Wings establish a separate office for large study efforts with at least two branches, SOW and MEO. He further recommended that SOW and MEO personnel be relieved from all other duties and even relocated from their functional areas. Mr. Dumont also recommended that bases coordinate future schedules to eliminate concurrent studies, such as A-76 and Utilities Privatization. They should also involve NISH, NIB, and other 'preferred' contractors in the process early. Finally, he recommended that the Air Force establish a central office to direct A-76 studies.

18. **IMPLEMENTING AFI 63-124:** Mr. Don Blanchard, HQ AFCEA/CEOC (TRW), led a panel discussion on implementing AFI 63-124. With the exception of several bases in AFMC, all MAJCOMs are using AFI 63-124. Despite earlier efforts, there is still a need to educate functional people. Sending them to a course similar to the QAPC course is one option, or AFMIA can offer courses at individual bases. Because AFI 63-124 is flexible, people are required to use more judgement and be responsible. The bases are using the Business Requirements and Advisory Groups (BRAGs), but there has not been much experience yet. BRAG membership varies, but as a minimum should include a Contracting officer and functional representative. Membership may vary over the phases of the contracting cycle. AFI 63-124 gives specific guidance on SOWs. SOWs must comply with the commercial marketplace, which is determined through good market research. The Contracting Officer must promote competition and get a fair and reasonable price. This may require sacrifices in current quality of life factors, such as response time. The contractors' Past Performance rating must be used not only for the selection process, but also as an incentive for continued performance during the contract. **ACTION ITEM #6** tasked SAF/AQC to determine the status of DOD efforts to develop a database of contractors' past performance. According to AFI 63-124, every SOW shall have a Service Delivery Summary (SDS) citing the performance objective and the performance threshold. This was covered further in the Quality Assurance panel discussion. This panel discussion concluded with more discussion on the need to comply with AFIs under AFI 63-124 and if and how they should be cited in the SOWs. Again, **ACTION ITEM #2** and **ACTION ITEM #3** should help address these concerns.
19. **QUALITY ASSURANCE:** Mr. Don Blanchard, HQ AFCEA/CEOC (TRW), led a panel discussion on Quality Assurance. The role of the Quality Assurance personnel under AFI 63-124 was discussed. Quality Assurance efforts will now emphasize "Insight vs. Oversight." In general, fewer Quality Assurance personnel should be required, however they may need to be at higher grades to handle the different responsibilities. **ACTION ITEM #5** addresses this. The performance thresholds in the SDS were discussed. It was agreed that they need to be very clear. Performance thresholds should be developed through market research and commercial standards.
20. **PERFORMANCE MANAGEMENT OFFICE:** Maj Mike Blaylock, HQ AETC/CEOG, presented the AETC Performance Management Office (PMO) concept. He addressed the following: What is a PMO? Why do we need a PMO? How are we developing the PMO? What will the PMO do? What does the PMO look like? Where does the PMO fit? The PMO would include functional experts, Contracting, Manpower, and financial/resource advisors. They would monitor contractor performance and administer the contracts. The PMO will consolidate and streamline the Quality Assurance function and better manage contractor's performance. It helps make the Air Force more business-oriented.
21. **INDUSTRY PERSPECTIVE:** Mr. Gary Engebretson, Contract Service Association of America, gave a presentation on industry via telephone. He provided a brief

background on his organization, including its history and mission. The association represents 330 businesses. He covered their Key Issues for 2000. These include Past Performance, Contract Bundling, Education and Training, Partnering, Payment Problems, the Service Contract Act, the Solicitation Process, the Source Selection Process, the Fair Act, and Subcontracting Opportunities. He expressed overall satisfaction with how the Air Force is managing Competitive Sourcing and listed Maxwell and Lackland as good examples. He gave the web site for his organization: www.csa-dc.org.

22. **METRICS ON BSX:** Capt Jonathan Wright, AFLMA/LGC, announced that his agency has placed examples of contractor metrics on the BSX web site. Go to www.bsx.org, select “BSX Communities of Interest,” then “Contractor Metrics.”
23. **REENGINEERING – AN ALTERNATE APPROACH:** Mr. Blake Netherwood, TRW, presented an overview of Reengineering. He provided a definition of reengineering, discussed enterprise and process candidates for reengineering, plus transformation management, systems thinking, and traditional reengineering vs. envisioning. He outlined a practitioner’s methodology and a 4-phased approach to reengineering and listed 9 envisioning guiding principles. Mr. Netherwood compared in-sourcing and out-sourcing reengineering, and closed with overarching reengineering project essentials. Throughout his presentation, he used the experience of the 96 Civil Engineering Group at Eglin AFB as an example. They studied over 900 positions with a 12-member in-house team. They brought in a consultant during the Action and Change Planning phase.
24. **RECENT A-76 PROTEST ISSUES:** Lt Col Thomas McGovern, SAF/LLS, used case studies to illustrate recent A-76 protest issues. The case studies fell under the categories of bundling, fixed price contracts, best value, MEO cost adjustments, administration cost adjustments, conflicts of interest, procedural inefficiencies, Fair Act appeals, and employee bid protests. The administration cost adjustments cases led to a discussion of the required grade level of Quality Assurance personnel and **ACTION ITEM #5**, discussed above. Lt Col McGovern’s bottom-line was that if you want to avoid protests, then follow the rules.
26. **THE CHALLENGE AND SPIRIT OF A-76:** The workshop was scheduled to view a videotape of the OSD satellite broadcast, “The Challenge and Spirit of A-76,” however a technical problem prevented this. A copy of the videotape will be sent to each participating MAJCOM and FOA Civil Engineer and Contracting office as **ACTION ITEM #7**.
26. **ACTION-ITEMS:** Lt Col Gary Fellows, HQ AFCESA/CEOC, reviewed the action items with the workshop participants to ensure that they were clear and complete. **ACTION ITEM #8** was added, tasking HQ AFCESA/CEOC to summarize workshop presentations of Lessons Learned for inclusion on the AFCESA web site. Also, **ACTION ITEM #9** was added, tasking SAF/AQC to develop a link from their web site to the AFCESA A-76 web site.

27. **WRAP-UP AND CLOSE:** Lt Col Gary Fellows, HQ AFCESA/CEOC, asked the workshop participants to please complete evaluation sheets they were provided. He then closed the workshop at approximately 1600.